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Taiwan

Market Development Reports

HRI Food Service Sector

2004

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Report Highlights:
Rebounding food consumption, fueled by improving economic conditions, has seen food service sales in Taiwan rise to US$8.3 billion in 2003, a 3% increase over 2002. Growth over the coming three years should average 10%. Growth in food service sales is strong both in breadth and depth, with key drivers including a strong "dining out" culture, relatively high per capita income, a growing taste for western and "fusion" foods, and the predominance of two-income families. While "Chinese" cuisine continues to dominate the HRI segment, international and "fusion" (typically Asian cuisines prepared using western ingredient or preparation elements) is gaining in popularity and should account for about 15% of the HRI market by value in 2004. Best prospects for U.S. firms include cheese, fresh/frozen prepared fruits and vegetables, beef, pork, seafood, bakery pre-mixes/frozen dough, juice concentrates, and wine.

Includes PSD Changes: No
Includes Trade Matrix: No
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Taipei ATO [TW2]
[TW]

Taiwan HRI Food Service Sector 2004

Table of Contents

SECTION I. MARKET SUMMARY

1. Taiwan in Profile

Taiwan is located off the southeast coast of the Asian continent, between Japan to the north and the Philippines to the south, with a current population of 23 million people. The total area is about 13,900 square miles. About two-thirds of the island is covered with lushly forested mountains. Taipei and Kaohsiung on the west coast are the two major metropolises of Taiwan with population of 6.6 million and 2.8 million respectively. The elderly (age 65 and above) currently make up 9.2 percent of the island's population, and is increasing rapidly.

Taiwan has a dynamic, capitalist economy that continues to expand annually. Taiwan's foreign exchange reserves are the world's second largest, exceeded only by the PRC. In 2003, Taiwan's economy was hit hard by the outbreak of Severe Acute Respiratory Syndrome (SARS). However, the economy began turning around the last quarter of 2003. Taiwan's Directorate General of Budget, Accounting and Statistics (DGBAS) recently raised its forecast for 2004 GDP growth to 4.75 percent. The optimistic view of this year's GDP growth rate is based on the strong economic performance and a rebound in domestic consumption seen since the end of 2003.

Taiwan is the sixth largest market for U.S. food and agricultural product exports. In 2003, the United States, exported US $2.6 billion of agricultural products to Taiwan, a nearly 8 percent increase from the previous year, capturing 33 percent of total Taiwan's agricultural imports (US$8 billion). The United States (33%), Australia (7%) and Japan (7%) were top three largest suppliers of Taiwan's agricultural imports.

Taiwan became a full member of the World Trade Organization (WTO) in 2002. The lowering of tariff and non-tariff trade barriers for food and agricultural products has provided improved market access for U.S. consumer food products, such as high quality beef, fresh fruit and vegetables, seafood, frozen prepared foods, and other processed foods. Growth in agricultural import is expected to continue in response to a reduction in tariffs and higher per capita incomes.

Taiwan at a Glance 2003

Land Area:	13,900 square meters	Total Agri-Food Imports:	US $7.8 billion
GDP:	US $290 billion	Total Agri-Food Exports:	US $3.2 billion
GNP:	US $299.6 billion	Agri-Food Imports as a Share of Total Imports:	6%
Per Capita GNP:	US $13,323	Urban Population Rate:	69%
GDP Growth Rate:	3.50%	Female Labor Force Participation:	47%

Taiwan Directorate General of Budget, Accounting, and Statistics

2. Taiwan Food Service Sector in Overview

Total sales for the food service sector, excluding the institutional food service, are estimated at US $8.3 billion in 2003. Annual growth rate over the last ten years until 2000 has been a stunning 10 percent. However, the overall economic slowdown in Taiwan has slowed industry sales, dropping by 12 percent in 2001. The outbreak of SARS in early 2003 has furthermore given Taiwan a great economic challenge. It has hit especially hard on the tourism industry with the number of inbound and outbound tourists dropping to an unprecedented low level. However, with the overall economy rebounding since the last quarter of 2003, sales in HRI food service sector, in response, has seen a significant growth and is anticipated to continue to grow over the next few years. This can also be attributed to several factors, including an increase in per capita income, urbanization, the education rate, Westernized eating habits, leisure time, and the number of working women.

Size of Taiwan's Food Service Sector (US $Million)

Category	2000	2001	2002	2003
Restaurants	8,398	6,759	6,544	6,852
Coffee/Tea Shops	962	829	834	764
Hotel Restaurants	550	447	432	420
Other Eating & Drinking Places	284	227	237	222
Total	10,193	8,262	8,047	8,257
Growth Rate	10.52%	-19%	-3%	3%

Source: Ministry of Economic Affairs
Tourism Bureau, Ministry of Transportation & Communication

Note: There is no specific data available regarding the food and beverage revenue from the institutional segment, which includes schools, factories/companies, hospitals, the army, as well as similar venues.

Number of Chain Food Service Venues in Taiwan

Type of Restaurant Chains	2002	2003	Growth rate (%)
Fast Food	8,534	10,926	27.48
Coffee Shops	619	682	10.18
Restaurants	524	569	8.59
Snack Service Shops	1,812	2,252	24.28
Quick Service Drinks	3,558	2,504	-29.64

Source: Taiwan Chain Stores & Franchise Association

3. Advantages and Challenges for U.S. Exporters

Advantages	**Challenges**
Importers and wholesalers have an awareness and appreciation for the quality of U.S. products	Low price competitors are threatening U.S. in areas such as beef, juice, and vegetables
More Westernized diet increases consumers demand for quality U.S. products	High fragmentation makes it hard for US exporters to achieve scale and scope advantages in terms of volume
Admiration of U.S. lifestyle in food service	
Strong attraction to novelty and fashion in food product and service	

Section II. Road Map for Market Entry

1. Entry Strategy

The majority of Taiwan's HRI businesses do not import directly. They prefer to place small, but frequent orders with local suppliers who are able to meet such needs. Therefore, U.S. companies should concentrate on establishing their business relationships with a reliable and efficient importer and distributor, who in turn, will sell the imports to HRI end users. The ATO Taipei maintains listings of potential importers for U.S. suppliers. In addition, a visit to Taiwan is an excellent way to start establishing a meaningful relationship with potential Taiwan buyers. U.S. suppliers are encouraged to bring product samples to Taiwan to provide to potential buyers, as many importers and HRI end users rely heavily upon subjective factors when deciding on new products to represent.

Competition among the various hotel restaurants in Taiwan has become intense. Consequently, innovative promotions such as country theme promotions, Taiwan/Western holiday/festival promotions, and seasonal promotions are popular year-round. These promotions offer market opportunities for U.S. foods such as high quality meats, fruit, vegetables, nuts, seafood, beverages, wines, and juice concentrates. U.S. companies interested in in-house restaurant menu promotions to promote their products in Taiwan are welcome to contact the ATO Taipei for information on upcoming events or hotels interested in hosting activities.

2. Market Structure

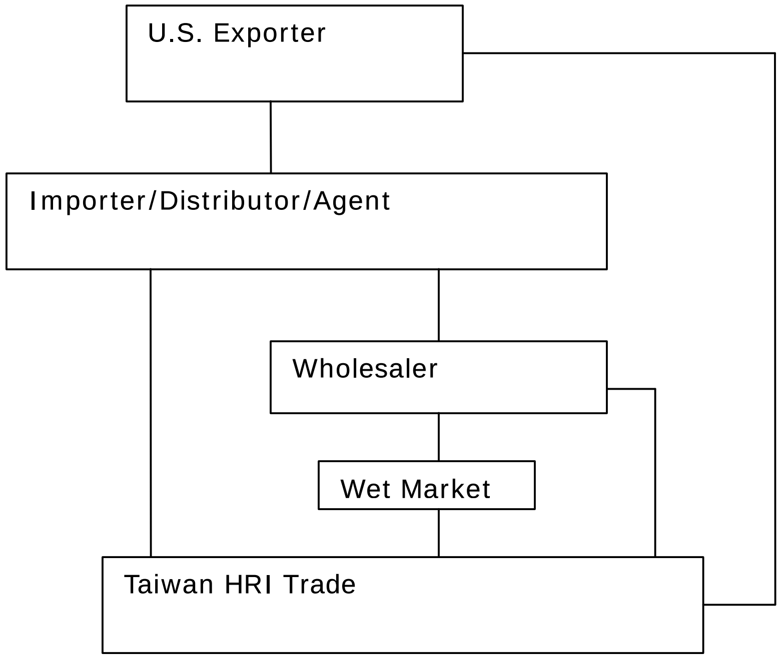
All HRI sub-sectors purchase most of their foods from importers, distributors, wholesalers, regional wholesale markets, wet markets, and supermarkets/hypermarkets, depending on the food items. Imported fresh items such as fresh produce, fish/seafood, and beef, are usually purchased and delivered directly from importers or through distributors or wholesalers. Institutional markets buy more products from local distributors or import directly. A recent trend is that retail outlets such as Costco, are frequented by many small food service/HRI operators to buy items at the lowest possible cost in quantity, thereby avoiding the hassle of trying to get a small volume of items via traditional import channels.

Food and beverage managers and executive chefs at international hotels are the key persons who decide which items are purchased. The purchasing department procures various food ingredients based on the list that F&B section provides. This sector, especially those who employ foreign chefs or offer authentic foreign cuisines, and other high-end family style restaurants, use more imported items, either delivered from importers or wholesalers/distributors on a regular and frequent basis.

Western and local fast food restaurant chains usually have their own distribution centers or, they connect to an independent distribution center to purchase, partly process, and deliver the daily needs to each outlet island-wide. Other fast food chains such as Pizza Hut, which offer not only take-out pizzas but also sit-down buffet meals, usually maintain their own R&D team. They work closely with one or more contracted regional catering service(s) to develop and frequently renew menus to meet consumers' demand. These contracts deliver all buffet items to all outlets of the chain on a daily basis.

Medium-level chain family style restaurants usually maintain a centralized purchasing department and a centralized kitchen as well. The centralized kitchen prepares meals and delivers the foods to all outlets of the restaurant chain.

Other drinking and eating places purchase majority of their daily needs from regional wholesale markets or wet markets.



3. Sub-Sector Profiles

(a) Hotels/Resorts

Socializing in hotel restaurants has been a popular custom in Taiwan. As a result, restaurants in hotels have become an important dollar earning business for Taiwan's international hotels, accounting for almost 50 percent of total operating income. In 2003, in terms of income generated by hotel restaurants, the "Grand Hyatt Hotel" in Taipei topped the list with US $29 million in sales, followed by the "Grand Formosa Regent Hotel Taipei" (US $27 million), the "Howard Plaza Hotel Taipei" (US$21 million), "Far East Plaza Hotel" (US $19 million), and the "Grand Hotel" (US$16 million). International tourist hotels only consist of four and five star establishments.

Taiwanese people often entertain their business counterparts, friends and relatives in restaurants especially on special occasions such as weddings/engagements, birthdays, Mother's Days, "Honorary Banquets in Praise of Teachers" and Lunar year-end parties hosted by management. Food served at these occasions tends to be either Western-style buffets or Chinese-style food banquets. Taiwan's hotel restaurants use any of these occasions to aggressively promote set menus, which are excellent opportunities to promote American foods and beverages. U.S. companies with products used principally for the HRI sector should consider how to take advantage of these promotional opportunities by developing recipes, special menus or merchandise to help draw in the different group.

The catering services of Taiwan's international hotels have been growing significantly in the past few years. In addition to catering for banquets/receptions outside the hotels, they have focused in recent years on specific food packages for various festivals, such as moon cake packs for Moon Festival, chocolate packs for Valentines' Day, and turkey packs for Thanksgiving. It is anticipated that hotel catering market will continue to grow.

Resorts in Taiwan, classified by areas of focus, fall primarily into the classifications of amusements parks, cultural/education sites and scenic areas. Over one-third of resorts are located in Northern Taiwan, less than one third- is distributed equally in Central and Southern Taiwan, and the remaining 10 percent are in Eastern Taiwan. It is estimated that close to 17% of resort revenues can be attributed to food sales. Food venues are weighted towards cafeteria and served-style Chinese/Taiwanese food, followed by fast food and Western-style restaurants, and snack/beverage vending kiosks. Over two-thirds of the resorts manage the food venues themselves. They purchase primarily through importers and wholesalers.

Company Name	Food Revenue (US $million)	No. of Outlets	Location	Purchasing Source
Grand Hyatt Taipei	28.5	1	Taipei	US consolidator/ importers/ wholesaler
Grand Formosa Regent Taipei	26.5	1	Taipei	Importers/ wholesaler
Howard Plaza Hotel	27.8	4	Taipei, Kaohsiung, Kenting, Hsinchu	Importers/ wholesaler
Far Eastern Plaza Hotel	16.3	1	Taipei	Importers/ wholesaler
Grand Hotel	16.1	2	Taipei, Kaohsiung	Importers/ wholesaler
Ambassador Hotel	26.1	3	Taipei, Kaohsiung, Hsinchu	Importers/ wholesaler
The Westin Taipei	12.1	1	Taipei	Importers/ wholesaler
The Splendors Hotel	13.5	2	Taichung, Kaohsiung	Importers/ wholesaler
Sheraton Taipei Hotel	9.6	1	Taipei	Importers/ wholesaler
Grand Hi-Lai Hotel	12.1	1	Kaohsiung	Importers/ wholesaler

Source: Taiwan Tourism Bureau, Ministry of Transportation & Communication

(b) Restaurants

The restaurant sector dominates the local food service market in Taiwan with the largest share (83%) of the market. According to Taiwan's Ministry of Economic Affairs, this sector was worth nearly US $6.9 billion in 2003. The restaurant sector is made up of:

Family Style Restaurants

Family style restaurants, except some high-end steak houses, mostly buy materials from local importers or wholesalers. U.S. beef is widely used in most of the high-end steak houses such as Ruth Chris and Wang Steak, and even for some more expensive menu items in the low-end steak houses such as Noble Family and My Home Steakhouse.

Company Name	# of stores	Region	Purchasing source
Noble Family Steak House	178	Nationwide	Importer/wholesaler/direct import
My Home Steakhouse	138	Nationwide	Importer/wholesaler
Bullfighter	40	Nationwide	Importer/wholesaler
Happy Steak	32	Nationwide	Importer/wholesaler

Wang Steak	6	Northern Taiwan	Importer/wholesaler/direct import
Skylark	7	Northern Taiwan	Importer/wholesaler
Hsin-yeh	5	Nationwide	Importer/wholesaler
TGIFriday	11	Nationwide	Importer/wholesaler
Swensen's	12	Nationwide	Importer/wholesaler
Sizzler	10	Nationwide	Importer/wholesaler
Ponderosa	8	Nationwide	Importer/wholesaler
Royal Host	6	Nationwide	Importer/wholesaler
Shan-he-wu	8	Nationwide	Importer/wholesaler
Hai-pa-wang Seafood	4	Nationwide	Importer/wholesaler
Tasty Steak House	3	Nationwide	Importer/wholesaler

Western-style Fast Food

Taiwan's first Western fast-food restaurant, McDonald's, opened in 1984. In 2003, there were around 984 Western-style fast food restaurant outlets, including pizza houses, in Taiwan, a 10 percent decrease from 2002. The previous rapid growth of the industry has slowed down in recent years. The major players have either slowed down opening new stores or exited from the market. Wendy's and Lotteria exited the Taiwan market in recent years. Currently, McDonald's still predominates, with 350 stores and US$400 million in sales on the island. Many new products such as Italian coffee, bagels, spaghetti, pita pockets, and rice burgers were introduced in the market and have led to diversity in consumer choice and expectations. Chicken is still the primary focus of consumer demand. Promotions offered by fast food establishments including price-off, giveaways, and volume discounts were employed everywhere.

	Company Name	# of Stores	Region	Purchasing Source
Pizza	Domino's Pizza	103	Nationwide	Importer/wholesaler
	Pizza Hut	110	Nationwide	Importer/wholesaler
	Napoli Pizza	64	Nationwide	Importer/wholesaler
Fast Food	McDonald's	350	Nationwide	Importer/wholesaler
	Kentucky Fried Chicken	132	Nationwide	Importer/wholesaler
	Mos Burger	65	Nationwide	Importer/wholesaler
	Burger King	21	Nationwide	Importer/wholesaler
	Ding-Gua-Gua	34	Nationwide	Importer/wholesaler

Source: *Taiwan Distribution News*

Chinese-style Fast Food

The entry barrier for Chinese-style fast food outlets is low for individually owned/operated stores. Greater competition amongst service outlets, combined with increasing convenience store expansion into prepared meal service (i.e. the ready-to-eat food segment) and coffee shops, have led to increased pressure on margins for this segment. High labor and land costs, and the fact that not many chains have the ability to provide standardized products, have made the chain scale of outlet numbers relatively small compared to Western fast food restaurants.

Company Name	# of Stores	Region	Purchasing Source

Mercury Noodle	175	Nationwide	Importer/wholesaler/direct import
Taiwan Yoshinoya	50	Nationwide	Importer/wholesaler/direct import

Source: *Taiwan Distribution News*

Department Store Food Courts & Restaurants

Total revenue in 2003 for Taiwan's department stores was estimated at US $5 billion, a nearly 2 percent decrease from the previous year. Each major department store has 2-9 sit-down restaurants and a floor, or part of a floor, devoted to a food court. Revenues from restaurants and food courts represent 3-4% of the total department store revenue. Currently, Taiwan/Japan joint venture chains dominate the market. They are: Shin Kong Mitsukoshi, Pacific Sogo, Dayeh Takashimaya, and Hanshin. Far Eastern Department Store Chain is the only local player.

(c) Coffee Shop Chains

According to Taiwan Chain Store and Franchise Association's (TCFA) research, current per capita coffee consumption in Taiwan is 50 cups, compared with 200 cups in Japan, 140 cups in Korea, and over 300 cups in the United States and Australia. Therefore, TCFA anticipated that opportunities still exist for coffee business in Taiwan. ATO Taipei also anticipates that strong competition, mergers, and greater concentration will take place in the near future. Currently, young people in Taiwan are more westernized. Drinking coffee in coffee shop chains symbolizes fashion and taste. High-end coffee shop franchises are of two principal types: Japanese-style (table service, more food items) and US-style (self service with coffee being the main item.) Most US-style high-end coffee shops only provide sandwiches, cakes, pastries, and salad prepared by air catering or other food processors, while domestic and Japanese style coffee shops offer freshly made sandwiches and hot meals, shipped frozen from their food processors for reheat in the outlets. Currently, major players include:

Company Name	# of stores	Region	Purchasing Source
Starbucks	120	Nationwide	Importer/wholesaler/distributor
Dante	87	Nationwide	Importer/wholesaler/distributor
Manabe	52	Nationwide	Importer/wholesaler/distributor
IS	50	Nationwide	Importer/wholesaler/distributor
Kohikan	68	Nationwide	Importer/wholesaler/distributor
Barista	36	Nationwide	Importer/wholesaler/distributor
Ikari	34	Nationwide	Importer/wholesaler/distributor
DCS Doutor	21	Nationwide	Importer/wholesaler/distributor

Source: *Taiwan Distribution News*

d) Institutional

Air Catering

Currently, Evergreen Sky Catering, China Pacific Catering Service, and the TransAsia Airway Corporation dominate the local air catering market. In order to catch up to competition among themselves, they are aggressively expanding their catering business to also cater to local convenience stores, top restaurants, coffee shops, schools, and hospitals. According to industry sources, 40% of the food materials used for these flight kitchens are imported items. These airline flight kitchens purchase from local importers, manufacturers, and wholesalers, as well as import directly. The industry is widely expected to continue to grow over the next few years.

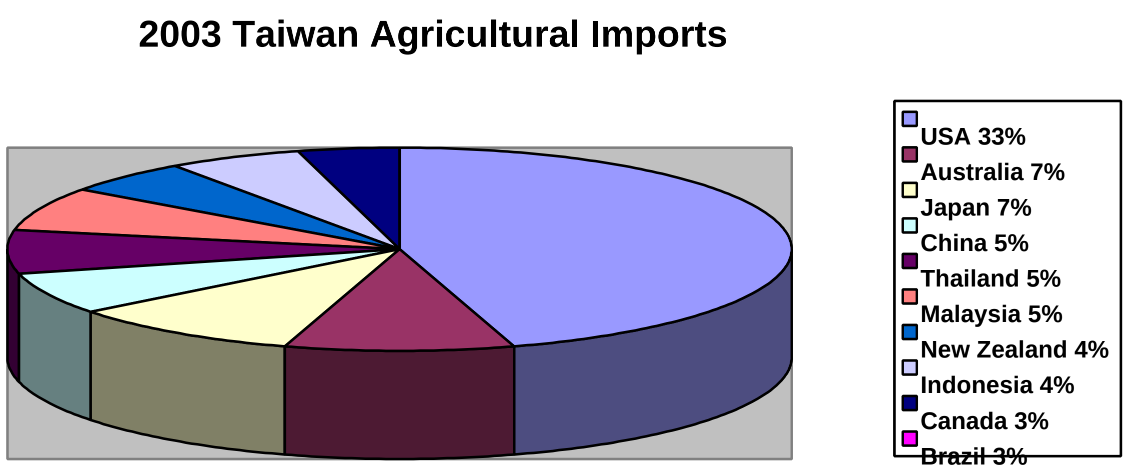
Schools

There are 2,611 elementary and 708 junior high schools in Taiwan. According to the data from the Ministry of Education, 87% of the elementary, and 60% of the junior high schools operated a lunch meal program in 2003, which means a total of 1.5 million students ate at school. The budget for a meal is about NT $45-80 (US $1=NT $33.98 in 2003) per child. Some schools outsource their lunch to food packagers, while others hire kitchen aides. School teachers are also involved in purchasing materials. In terms of materials, beef is not used as much as pork and chicken, especially for elementary children's meals. Leafy vegetables are preferred. Given the tight budget of school meals and small scale operations, US products are rarely used. International schools such as Taipei American School have a cafeteria-type service, providing breakfast and lunch for 2,000 students. U.S. products are used widely at TAS. There are over 150 food processors supplying lunch to schools, organizations and factories. Given the high labor cost and limited scale, these companies have increasing needs for consistent quality, pre-cut food giving attractive growth potential for appropriate U.S. products.

Hospitals

There were 610 hospitals in Taiwan by the end of 2002, among which, 4 offer 2,000 beds or more and 12 offer 1000-1999 beds. Major hospitals are located in big cities like Taipei, Kaohsiung, and Taichung. Most of the major hospitals have restaurants for visitors and internal restaurants for employees and patients. Restaurants for visitors are normally operated by outside contractors, while restaurants for employees and patients are normally managed by the hospital internally with nutritionists controlling the menus. Some small-scale hospitals outsource all their food service business to catering companies. Since most hospitals run on a tight budget for food, US-sourced food is rarely specified. However, some niche opportunities exist, with pureed foods for dietary needs of the elderly and frozen items like sheet cakes for labor saving dessert items.

Section III. Competition



In 2003, Taiwan imported nearly US $8 billion of food and agricultural products from many different sources, of which US $2.6 billion (33%) was imported from the United States. The United States was the number one agricultural supplier to Taiwan, followed by Australia (7%), and Japan (7%). Australia dominates the beef/mutton markets. Japan dominates the swine skin and biscuit markets and is very competitive in other consumer-ready food products. New Zealand ranks as the top supplier of dairy products.

While maintaining its position as a substantial supplier of bulk commodities such as soybeans (82%), corn (97%), and wheat (92%), the Untied States supplies 99% of turkey meat, 50% of fresh & frozen pork, 36% of vegetable & products, 40% of fruit and products, and 31% of fresh & frozen beef. The United States is the top supplier of most varieties of imported fresh fruits: apples (39% or US $29,578,000), table grapes (48% or US $8,526,000), grapefruits (54% or US $1,857,000), oranges (83%, or US $5,557,000), cherries (82%, or US $36,053,000), peaches (84%, or 31,428,000), and plums (79%, or US $7,293,000).

Product Category	**Total Import Value 2003 (US $1,000)**	**U.S Market Share**	**Major Supply Sources and Market Share**
Total Food-Agr Imports	7,767,326	33%	Australia (7%), Japan (7%), China (5%), Thailand (5%), Malaysia (5%), New Zealand (4%), Indonesia (4%), Canada (3%)
Animal Products			
Beef, Fresh/Frozen	247,680	31%	Australia (36%), New Zealand (29%), Canada (3%)
Processed Beef	488	85%	Australia (8%)
Pork, Fresh/Frozen	35,681	50%	Canada (39%), Hungry (4%)
Processed Pork	322	68%	Canada (23%)
Turkey Meat	15,490	99%	Nil
Fish & Seafood			
Salmon	31,616	2%	Norway (44%), Canada (17%), Chile (13%), Japan (11%)
Lobster	45,820	34%	Australia (44%), Cuba (5%), Indonesia (4%)
Fish Roe	1,436	42%	Japan (43%), Canada (7%)
Surimi	22,210	22%	India (40%), Thailand (31%)
Dairy Products	324,363	3%	New Zealand (37%), Australia (26%), Netherlands (9%), Denmark (8%), France (7%), Ireland (5%)
Cheese	27,096	0.3%	New Zealand (61%), Australia (17%), Belgium (7%)

Powder Milk	239,436	0.4%	New Zealand (36%), Australia (26%), Netherlands (11%), Denmark (11%)
Horticulture			
Fruits & Products	397,115	40%	Thailand (11%), China (8%), Chile (7%), Japan (6%), New Zealand (5%)
Apples, Fresh	75,921	39%	Japan (24%), Chile (16%)
Table Grape, Fresh	17,598	48%	Chile (44%)
Cherries, Fresh	44,186	82%	Chili (10%), New Zealand (5%)
Grapefruits, Fresh	3,549	54%	South Africa (45%)
Plum, Fresh	9,258	79%	Chile (11%), Australia (10%)
Peaches, Fresh	37,605	84%	Australia (8%), Chile (6%)
Oranges, Fresh	6,725	83%	South Africa (14%), Australia (2%)
Vegetable & Products	170,684	36%	Thailand (13%), China (11%). Vietnam (7%)
Potatoes, Fresh, Frozen, Processed	45,752	46%	Netherlands (17%)
Celery	1,843	100%	-
Onions	8,558	69%	New Zealand (14%), Vietnam (10%), Australia (3%)
Broccoli	6,921	87%	China (8%), Australia (4%)
Almond	11,341	95%	China (5%)
Walnut	4,419	68%	China (16%), India (16%)
Beverage			
Wine	36,876	16%	France (53%), Australia (9%), Italy (4%), Chile (4%), Canada (3%), Japan (3%)
Beer	80,473	15%	China (35%), Netherlands (19%), Japan (13%), Spain (4%), Australia (3%)
Apple Juice	2,720	7%	China (71%), New Zealand (7%)
Grapefruit Juice	956	12%	Israel (49%), Japan (33%)
Grape Juice	3,403	40%	Spain (33%), Italy (19%)
Processed Foods			
Pre Mix & Dough	4,665	61%	Japan (21%), Australia (4%), Germany (3%)

Soups & Broths Powder/Solid	5,482	18%	China (51%), Japan (16%), New Zealand (10%)
Breakfast Cereal	3,617	19%	Thailand (19%), Philippines (14%), Singapore (11%)
Cookies & Other Baked Products	52,557	5%	Japan (24%), Indonesia (21%), Hong Kong (13%), Korea (11%)
Canned Corn	22,537	79%	Thailand (19%), New Zealand (2%)
Soybean Oil	23,346	25%	Argentina (62%), Paraguay (12%)
Sunflower Oil	16,476	24%	Argentina (65%), Singapore (4%), Netherlands (3%)
Salad, Dressing, Mayonnaise	1,016	46%	Japan (42%), Germany (3)

IV. Best Product Prospects

Beef – The primary competitor is Australia, whose advantage is customer perceived comparable/acceptable quality at a low price. High end food service/HRI venues are for the most part resistant to switching away from US beef because of cost increases, since the venue is tied in positioning to offering top of the line “prime” quality, which US beef delivers. Many trade channel members currently use US beef for some or all of their needs and rated future US beef prospects as good. To optimize opportunities for US beef, suppliers need to match market needs for special processing of meat cut types, seasonings, and pre-processed ready-to-cook cuts.

Fresh fruit – Taiwan, with a semi tropical environment, is a major producer of many forms of fruit. The domestic fruit products are used to fill some of food service/HRI venues needs. Although the United States still has the lead in most varieties of imported fresh fruit, it is facing increasing competition from both other temperate supplies and Asian sources, as a result of the trade liberalization from Taiwan’s accession to the World Trade Organization. U.S. suppliers will need to develop new product and promotion strategies to maintain and expand its market share.

Canned/fresh/frozen corn – Corn soup is a domestic favorite in Taiwan and is found on almost all food service menus. With the high demand and high turnover for corn, the canned product has developed as the preferred method of storage. Consumers are used to the taste of canned corn to fresh in ingredient-type applications.

Fresh/frozen potatoes - Frozen fries are used extensively in the food service/HRI sector. Western-style fast food restaurants and Western-style family restaurants offer fries as a side dish or snack with other meal items. The development prospects for US potatoes were projected to be good by the food service/HRI trade channel members.

Tree Nuts – Currently, the U.S. dominates the following nut market: almonds, and walnuts. The entry of major suppliers of cashews from China and the S.E. Asia has shifted some market share away from U.S. suppliers. The greatest competition to US pistachio exporters is from Middle East and Australia. The nut market is heavily driven by holiday snacking and general consumer snacking habits. Penetration into the food service/HRI sector needs development as snacking in bars/tea houses, hotel bars, and mini bars all represent growth opportunities.

Pork – Pork is a market where the domestic producers have many competitive advantages. Although most of the food service/HRI trade channel members most currently use domestic Taiwanese pork for some or all of their needs, there do have growth opportunities for U.S. pork that meet local HRI's needs.

Seafood – The food service/HRI venues with a strong Western orientation and up-market positioning offer the current best opportunities for development. Interested exporters need to meet with the food service end users to see how their product offering can best meet needs.

Fresh/frozen vegetables – Although production and usage is skewed toward domestic products, US vegetables have market niche opportunities for fresh products from the US (i.e. high end hotels and top of the line restaurants) and for frozen vegetables, which can fill needs for the market such as quickly-heated, ready-to-serve vegetables.

Bakery pre-mixes/frozen dough – The opportunity is for labor saving pre-mixes, dough, and ingredients. Currently some of the food service/HRI trade channel use U.S. products.

Dairy – Although the import volume is large, it is dominated by New Zealand. US innovation in products is not yet seen in the market except for a few high-end hotels meeting international travelers' needs.

Juice – The bulk of volume in the juice category comes from domestic manufacturers who also enjoy ties to distribution. Successful entrants need to match local market tastes and be able to capitalize quickly on trends. There will continue to be a need for 100 percent style juices in some food service/HRI venues like the western food chains and 4/5 star hotels and resorts.

Beer and Wine – Beer is found at all levels of food service/HRI and, at competitive price points, has an opportunity for good development. France, with red wine leading the way on perceived health benefits and support from their industry organization, dominates the market with the US a distant second (16% market share by value). U.S. suppliers will need to continue niche marketing efforts. Hotels, bars, and western style restaurants are the primary market in the food service/HRI sector.

Section V. Post Contact and Further Information

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